



PWYLLGOR ADNODDAU CYNALIADWY SUSTAINABLE RESOURCES COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	25 April 2023
TEITL YR ADRODDIAD: TITLE OF REPORT:	Financial Outlook 2023/24
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Andrew Spratt, Deputy Director of Finance

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Ar Gyfer Trafodaeth/For Discussion

ADRODDIAD SCAA

SBAR REPORT

Sefyllfa / Situation

The Health Board submitted to the Board, at its meeting on 30 March 2023, the Annual Plan for its consideration. The plan was accepted and approved with the proposed recommendations and submitted to Welsh Government (WG) on 31 March 2023.

This report is being presented to the Committee to highlight the key finance elements contained within the annual plan and provide an update against the £19.5m savings target.

Cefndir / Background

The submission of a three-year Integrated Medium Term Plan (IMTP) to WG is a statutory obligation. However, for an IMTP to be approvable, it must show financial balance over the lifecycle of the Plan and, as such, Hywel Dda University Health Board (HDdUHB) has not had an approvable plan to date.

As has previously been noted, the Health Board is in 'targeted intervention' for planning and finance, and this has been the starting point for the building of our Plan. Following agreement at the January 2023 Board meeting, HDdUHB wrote to WG on 28 February 2023, to provide formal notification through an accountability letter that unfortunately it would again not be able to submit a financially balanced IMTP by 31 March 2023 and instead would produce an Annual Plan for 2023/24.

As noted in the January 2023 Board update, as part of developing our plan, the organisation has reviewed the Planning Objectives. The plan prioritises several Planning Objectives aligned to the Ministerial Priorities and the key programmes of work required to respond to our opportunity's framework. The Health Board is also (in line with WG's Targeted Intervention expectations) developing a Clinical Services Plan, which will begin to bridge the operational challenges we are facing today and our plans for a new hospital network and realisation of our strategy 'A Healthier Mid and West Wales'.

Asesiad / Assessment

Summary

In recognition of the financial challenge, the 2023/24 Annual Plan is predicated on no additional workforce and/or further investments (outside of the nursing workforce stabilisation), whilst recognising that the exceptional macro-economic inflationary outlook and current expenditure rates will continue at their increased levels following the pandemic and recovery period.

The Board approved the £112.9m financial deficit on 30 March 2023, and awaits a formal response from WG, at the time of writing this report.

The following summary has been provided to explain the key elements of the financial plan:

Item Group	£'m	Treatment Description
WG Expectation of Deficit	25.0	Centrally recognised deficit in line with WG expectations for 2023/24
FYE of 2022/23, Net remaining COVID-19 to Core, Local Investments	87.0	Local expenditure items requiring offset with Directorate Opportunities; to be recognised against identified Directorates, with Opportunities being allocated in line with Opportunities Framework
WG Core Funding uplift, Marco Economic Inflation, National Investments	20.4	Macro-Inflationary and National items are unavoidable and funding will be issued to affected Directorates. The inflationary uplift in funding received from WG is insufficient, therefore, the net offsetting deficit will be recognised centrally
2023/24 Savings Expectation	(19.5)	2.5% of non-ring-fenced budgets. Further Opportunities requiring identification and in-year delivery by Directorates
Total	112.9	

Savings update

With limited assurance of the saving expectation being highlighted as part of the March 2023 Board, the organisation has been required to continue work, at pace, to accept and progress opportunities that have been highlighted, as well as other ideas, to ensure a minimum of £19.5m savings can be delivered.

A formal set of definitions are used by WG and the Health Board to categorise savings schemes based on their deliverability. This definition is as follows:

- Red Schemes are ideas recognised by the organisation without delivery plans
- Amber Schemes are recognised by the organisation with a robust delivery plan where timing of delivery is uncertain
- Green Schemes are recognised by the organisation with a robust delivery plan and the timing of delivery is certain

Only Green and Amber schemes are reported formally to WG as part of the monthly monitoring return, and therefore, it is only Green and Amber schemes that WG would recognise against the Annual Plan expectation of £19.5m.

Recognising the significant efforts that directorates continue to progress, Productivity savings are also being recorded internally for 2023/24, and are included in this report. However, whilst these provide value to the organisation, they do not deliver a reduction in monetary terms, and therefore, would not form part of the formal reporting against the £19.5m expectation to WG, as per the agreed definitions.

All schemes are included in the following summary update, with the Green and Amber Saving schemes planned to deliver a total of £8.4m (Saving Total Green £1.2m plus Amber £7.2m). Therefore, there is a current shortfall of £11.1m to achieve the minimum expectation of £19.5m.

Improvement to Plan £'000	Executive Director	Workstream	Green	Amber	Red	Grand Total	
Saving	Director of Finance	Efficiency	46	200		246	
	Director of Finance Total		46	200		246	
	Director of Nursing	FLOs		500		500	
	Director of Nursing Total			500		500	
	Director of Operations	CHC	Efficiency	1,200	205		1,405
			Planned Care Configuration		618	586	1,204
			TUEC		1,611		1,611
			Director of Operations Total		1,200	3,634	586
	Director of Therapies & Health Sciences	Efficiency		245		245	
	Director of Therapies & Health Sciences Total			245		245	
	Director of Workforce	Efficiency			300		300
			Nurse Stabilisation		2,573	961	3,534
	Director of Workforce Total			2,573	1,261	3,834	
	Saving Total			1,246	7,152	1,847	10,245
Productivity	Director of Communities & Primary Care	Medicines Management	120		1,201	1,321	
	Director of Communities & Primary Care Total		120		1,201	1,321	
	Director of Operations	Efficiency			363		363
			Planned Care Configuration	4,541		787	5,328
Director of Operations Total		4,541	363	787	5,691		
Productivity Total			4,661	363	1,988	7,012	
Grand Total			5,907	7,515	3,835	17,257	

Inefficiency activity drivers and Opportunities Framework

As the outcome of work surrounding the allocation of resources, based on our population health needs compared to national benchmarks, inefficiency activity drivers and wider opportunities are articulated with financial quantification.

The strategic activity drivers that are having an adverse impact on our financial deficit are split into the three macro elements; Demand, Supply and Configuration, and Efficiency. The organisation has work programmes, led by Executive Directors, to implement improvement activities targeting these inefficiency and opportunity areas.

Argymhelliad / Recommendation

The Sustainable Resources Committee is asked to note and discuss the financial position associated with the reported savings delivery alongside the implications for the Health Board of the challenging outlook.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	4.5 Provide assurance on financial performance and delivery against Health Board financial plans and objectives and, on financial control, giving early warning on potential performance issues and making recommendations for action to continuously improve the financial position of the organisation, focusing in detail on specific issues where financial performance is showing deterioration or there are areas of concern.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	New Risk (score 25) Achieving financial sustainability.

Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	5. Timely Care 7. Staff and Resources
Amcanion Strategol y BIP: UHB Strategic Objectives:	All Strategic Objectives are applicable
Amcanion Cynllunio Planning Objectives	All Planning Objectives Apply
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Objectives Annual Report 2018-2019	9. All HDdUHB Well-being Objectives apply

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Minimum Data Set submitted to Welsh Government based on HDdUHB's Annual Plan
Rhestr Termau: Glossary of Terms:	Contained within the report
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Adnoddau Cynaliadwy: Parties / Committees consulted prior to Sustainable Resources Committee:	Finance Team Management Team Executive Team

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	Financial implications are inherent within the report.
Ansawdd / Gofal Claf: Quality / Patient Care:	The impact on patient care is assessed within the savings schemes.
Gweithlu: Workforce:	The report considers the financial implications of our workforce.
Risg: Risk:	Financial risks are detailed in the report.
Cyfreithiol: Legal:	HDdUHB has a legal duty to deliver a breakeven financial position over a rolling three-year basis and an administrative requirement to operate within its budget within any given financial year.

Enw Da: Reputational:	Adverse variance against HDdUHB's financial plan will affect its reputation with Welsh Government, Audit Wales, and with external stakeholders.
Gyfrinachedd: Privacy:	Not applicable.
Cydraddoldeb: Equality:	Not applicable.